



Patrick W. Henning, Director



Arnold Schwarzenegger  
Governor

July 14, 2008  
22M:367:SEC:8008

Mr. Robert Sainz, Assistant General Manager  
Community Development Department  
Workforce Development Division  
1200 West 7<sup>th</sup> Street, 6<sup>th</sup> Floor  
Los Angeles, CA 90017

Dear Mr. Sainz:

WORKFORCE INVESTMENT ACT  
85-PERCENT PROGRAM REVIEW  
FINAL MONITORING REPORT  
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the City of Los Angeles Community Development Department's (CLACDD) Workforce Investment Act (WIA) 85-Percent grant program operations. We focused this review on the following areas: Board composition, One-Stop delivery system, program administration, WIA activities, participant eligibility, local program monitoring of subrecipients, grievance and complaint system, and management information system/reporting.

This review was conducted by Ms. Stacy Corrales from November 5, 2007 through November 16, 2007.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by CLACDD with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2007-08.

We collected the information for this report through interviews with CLACDD representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, CLACDD's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2007-08.

We received your response to our draft report on April 24, 2008 and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed findings 1 and 4 cited in the draft report, no further action is required and we consider these issues resolved. Because your response did not adequately address findings 2, 3, 5 and 6 cited in the draft report, we consider these findings unresolved. We request that CLACDD provide the Compliance Review Division with additional information to resolve the issues that led to the findings. Therefore, these findings remain open and have been assigned Corrective Action Tracking System (CATS) numbers 80090, 80091, 80093, and 80094.

### **BACKGROUND**

The CLACDD was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, CLACDD was allocated: \$14,454,582 to serve 2,566 adult participants; \$14,920,473 to serve 2,554 youth participants; and \$6,270,722 to serve 985 dislocated worker participants.

For the quarter ending September 30, 2007, CLACDD reported the following expenditures for its WIA programs: \$2,079,821 for adult participants; \$7,465,301 for youth participants; and \$262,012 for dislocated worker participants. In addition, CLACDD reported the following enrollments: 1,040 adult participants; 924 youth participants; and 662 dislocated worker participants. We reviewed case files for 73 of the 2,626 participants enrolled in the WIA program as of November 5, 2007.

### **PROGRAM REVIEW RESULTS**

While we conclude that, overall, CLACDD is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: Memorandum of Understanding (MOU), nondiscrimination/equal opportunity (EO) policy and procedures, program grievance/complaint policy and procedures, participant eligibility, management information systems, reporting, and 90-days or more of participant inactivity. The findings that we identified in these areas, our recommendations, and CLACDD's proposed resolution of the findings are specified below.

#### **FINDING 1**

**Requirement:** WIA Section 118(c)(1-2)(A)(i-iv)(B) describes the development and contents of MOU's between the Local Board and One-Stop partners.

20 CFR Section 662.300(a) and (b) states, in part, that the MOU is an agreement developed and executed between the Local Board, with the agreement of the chief elected official, and the One-Stop partners relating to the operation of the One-Stop delivery system in the local area. Additionally, the MOU must contain provisions that cover services to be provided through the One-Stop delivery system, funding of the services, operating costs of the system, and methods for referring individuals between the One-Stop operator and partners.

**Observation:** The CLACDD has 18 OneSource Centers with a total of 140 required partners. We found that 58 MOUs are in place. We acknowledge that CLACDD has developed a blanket MOU, which has received approval by the City Attorney, and is pending City Council and WIB approval, however, no timeline is in place for achieving full compliance.

**Recommendation:** We recommended that CLACDD develop a Corrective Action Plan (CAP), including a timeline, for entering into an MOU with all required partners at each One-Stop Center. We also recommended that CLACDD provide the Compliance Review Division (CRD) with copies of all MOUs once they are signed by the required partners.

**CLACDD Response:** The CLACDD provided a copy of the executed MOU between the WIB and the mandatory partners.

**State Conclusion:** We consider this finding resolved.

## **FINDING 2**

**Requirement:** 20 CFR Section 667.275(a)(1) states, in part, that recipients must comply with the nondiscrimination and EO provisions.

WIAD01-21 states, in part, that in compliance with nondiscrimination and EO provisions of WIA, the EO Officer must develop and publish procedures for resolving allegations against service providers for noncompliance with applicable nondiscrimination and EO provisions. The service providers must then follow those procedures. These procedures should address the right to file a complaint directly with the recipient's EO Officer or directly with the Civil Rights Center (CRC) at the U.S. Department of Labor, and the address, the complaint must

be filed within 180 days of the alleged discrimination, and notification of the right to alternative dispute resolution (ADR).

WIAD01-21 states, in part, that initial and continuing notice of nondiscriminatory practices and the right to file a complaint must be made available to each participant and included in each participant's file. A copy of an acknowledgement of receipt must be signed by the participant.

**Observation:**

We observed the EO/nondiscrimination information provided to participants for three of LACDD's subrecipients and found the following:

- The EO/nondiscrimination policy for Managed Career Solutions (MCS) did not address all elements required by WIAD01-21. Specifically, the policy did not address the participant's right to file a complaint directly with the CRC at the DOL, including the address, and that the complaint must be filed within 180 days of the alleged discrimination. On December 17, 2007, we received the revised EO/nondiscrimination policy for MCS, which contained all required elements.
- Five of 12 participant case files for Arbor, Canoga Park, contained neither a copy of the EO/nondiscrimination policy, nor a signed acknowledgement of receipt of the policy.
- We reviewed 12 participant case files at Arbor, Van Nuys, and found all contained the participant's signed acknowledgement of right to file a nondiscrimination/EO complaint. However, five of the case files did not contain a copy of the EO/nondiscrimination policy that participants received.

**Recommendation:**

We recommended that CLACDD develop a CAP, including a timeline, to ensure that all subrecipients have EO/nondiscrimination policies that include all of the requirements of WIAD01-21. We also recommended that CLACDD confirm that a copy of its EO/nondiscrimination policy and signed acknowledgement form are in each active participant's case file.

**CLACDD Response:** The CLACDD stated that its EO Compliance Unit will issue a revised EO/Nondiscrimination Directive by May, 2008 that will

contain all elements of WIAD01-21 (now WSD07-6). A draft copy of the revised policy was attached. The revised EO/Nondiscrimination Directive states that a copy of the EO/Nondiscrimination policy and signed acknowledgement is to be kept in each participant file. Also, the EO Compliance Unit conducted contractor training on April 9 and 15, 2008 for all newly designated EO complaints Officers at the subrecipient level. Finally, CLACDD stated it modified its bi-monthly onsite monitoring to include a review of the EO documents in the participant case file to ensure that the policies in the files were in alignment with the directives and that both the signed acknowledgement and a copy of the policy were in the file.

**State Conclusion:**

The CLACDD's efforts to revise its EO/nondiscrimination Directive and ensure that subrecipients are aware of all EO/nondiscrimination requirements should be sufficient to address that portion of the issue. We also recognize CLACDD's efforts to ensure that its subrecipients comply with the requirements that initial and continuing notification of EO/nondiscrimination rights is provided to all participants. However, CLACDD did not confirm that a copy of its EO/Nondiscrimination policy and signed acknowledgement form are in each active participant's case file. We again recommend that CLACDD confirm that a copy of its EO/nondiscrimination policy and signed acknowledgement form are in each active participant's case file. In addition, this issue will remain open until we verify implementation of your CAP during a future onsite visit. Until then, this issue remains open and has been assigned CATS number 80090.

**FINDING 3****Requirement:**

20 CFR 667.600(b)(1) states, in part, that each local area, and direct recipient must provide information about the content of the grievance and complaint procedures to participants and other interested parties.

WIAD03-12 states, in part, that initial and continuing notice of the local grievance and complaint procedures and instructions on how to file a complaint must be included in each participant's file. Also, a copy of an acknowledgement of receipt shall be signed by the participant and included in each

participant's file. The policy shall include notification that the participant has the right to file a grievance or complaint at any time within one year of the alleged violation, the right to technical assistance, and notification that a written decision is due within 60 days of filing the complaint.

**Observation:**

We observed the Grievance and Complaint Policy information provided to participants for four of LACDD's subrecipients and found the following:

- At Arbor, Van Nuys, a copy of the grievance and complaint policy was not found in five of 12 case files reviewed.
- At Arbor, Canoga Park, the grievance and complaint policy included in the files did not address all required elements of WIAD03-12.
- For both El Proyecto Del Barrio and MCS, the grievance and complaint policies given to participants and included in the case files do not address the one-year filing time limit, right to technical assistance, and the right to a written decision within 60 days of filing the complaint.

On December 17, 2007, we received a copy of MCS's updated WIA Complaint Procedure, and it now includes the one year filing time limit and right to a written decision within 60 days of filing the complaint, however the policy does not contain the participant's right to technical assistance.

**Recommendation:**

We recommended that CLACDD develop a CAP, including a timeline, to ensure that all subrecipients have grievance and complaint policies that address all of the requirements of WIAD03-12. We also recommended that CLACDD confirm that a copy of its grievance and complaint policy are in each active participant's case file.

**CLACDD Response:** The CLACDD stated that its EO Compliance Unit will issue a revised "Summary of the WIA Complaint Procedures" by May, 2008 that will address all of the requirements of WIAD03-12, including the offer of alternative dispute resolution and the participant's right to technical assistance.

**State Conclusion:**

We consider this finding resolved.

**FINDNG 4**

**Requirement:**

WIA Section 101(9) states, in part, that a dislocated worker is an individual who:

- Has been terminated or laid off, or has received a notification of termination or layoff; and
- Is eligible for or has exhausted entitlement to unemployment compensation; and
- Is unlikely to return to a previous industry or occupation.

20 CFR Section 663.105 states, in part, that registration is the process for collecting information to support a determination of eligibility. This information may be collected through methods that include electronic data transfer, personal interview, or an individual's application.

WIAD04-18 states, in part, that One-Stop Operators and applicants must make reasonable efforts to document eligibility for WIA funded programs.

**Observation:**

We found that four of 23 dislocated worker case files reviewed (two at Arbor, Van Nuys, one at Goodwill, and one at MCS) were deemed eligible for the dislocated worker program based on the dislocated worker eligibility criteria defined above. However, the case files did not contain documentation that the participants were receiving or had exhausted entitlement to unemployment insurance (UI).

On December 17, 2007, we received documentation from CLACDD to establish dislocated worker eligibility for the Goodwill participant, and therefore, we consider this portion of the finding resolved.

**Recommendation:**

We recommended that CLACDD provide CRD with documentation to establish that the remaining three participants are eligible for or have exhausted entitlement to UI benefits. If CLACDD is unable to provide sufficient documentation to substantiate eligibility for the three participants, we recommended that it reverse any costs associated with these participants, and provide proof of this action to CRD.

Additionally, we recommended that CLACDD provide CRD with a CAP to ensure that, in the future, dislocated worker eligibility criteria related to eligibility or exhaustion of UI is appropriately documented by its subrecipients prior to enrollment.

**CLACDD Response:** The CLACDD stated that they requested technical assistance regarding this finding. Staff reviewed the forms that were in the participant case files to determine dislocated worker eligibility and thought that the UI forms were sufficient.

**State Conclusion:** After receiving CLACDD's response, CRD reconsidered the documentation used for this finding and the CLACDD's justification for using the documentation and now, as a result, we consider this finding resolved.

#### **FINDING 5**

**Requirement:** WIA 185 (c)(2) states, in part, that each local board and each recipient receiving funds shall maintain comparable management information systems, designed to facilitate the uniform compilation and analysis of programmatic and financial data necessary for monitoring and evaluating purposes. In addition, WIA 185(d)(1)(B) states, in part, that information to be included in reports shall include information regarding the programs and activities in which participants are enrolled, and the length of time that participants are engaged in such programs and activities.

**Observation:** We found 10 of 73 participant case files (eight at Community Career Development (CCD) and two at Arbor, Van Nuys) where the participant had completed training but the participant was not exited from the activity. The case files indicated that the participants completed the training from 27 to 105 weeks earlier.

**Recommendation:** We recommended that CLACDD provide CRD with documentation to demonstrate that the above participants are exited from completed activities. We also recommended that CLACDD provide CRD with a CAP, explaining how it will ensure that participants are exited timely from completed activities.

**CLACDD Response:** The CLACDD stated that it exited the 10 participants from the training activity and eight of the 10 were exited from all WIA activities. Also, CLACDD states that to ensure that participants are exited timely from completed activities, it will expand its scope of file review to include the examination of client case files and data reported in JTA. In addition, CLACDD will run the JTA report monthly to check for 60 and 90 day lapse in activity, and program monitors will review these reports to ensure clients are exited from an activity when appropriate. Finally, on a quarterly basis CLACDD will review the participant roster with the agency to ensure that participants are exited from an activity when completed.

**State Conclusion:** Based on CLACDD's response, we cannot resolve this issue at this time. The CLACDD did not provide documentation that the above participants were exited from completed activities. However, CLACDD's stated corrective action to ensure that participants are exited timely from completed activities should be sufficient to resolve this portion of the issue. Therefore, this issue will remain open until we receive documentation that the above participants have been exited from completed activities and we verify implementation of your CAP during a future onsite visit. Until then, this issue remains open and has been assigned CATS number 80093.

## **FINDING 6**

**Requirement:**

WIA 185(c)(2) states, in part, that each local board and each recipient receiving funds shall maintain comparable management information systems, designed to facilitate the uniform compilation and analysis of programmatic and financial data necessary for monitoring and evaluating purposes.

In addition, WIA 185(d)(1)(B) states, in part, that information to be included in reports shall include information regarding the programs and activities in which participants are enrolled, and the length of time that participants are engaged in such programs and activities.

WIAD04-17 states, in part, that there are two ways to determine an exit during a quarter: 1) a participant who has a date of case closure, completion or known exit from WIA

funded or non-WIA funded partner service within the quarter (hard exit); 2) a participant who does not receive any WIA-funded or non-WIA funded partner service for 90 days and is not scheduled for future services except follow-up services (soft exit).

Additionally, WIAD04-17 states, in part, that once a participant has not received any WIA funded or partner services for 90 days (except follow-up services, and there is no planned gap in service or the planned gap in service is for reasons other than those related to health/medical condition and delay in training) that participants must be exited from WIA. The exit date is the last date of WIA funded or partner received services.

**Observation:**

We found 24 of 73 participant case files (six at Arbor, Canoga Park, four at Arbor, Van Nuys, six at MCS, six at Community Career Development (CCD), and two at Goodwill) included substantial gaps in services that ranged between 95 and 730 days. While these participants received various mailings and numerous telephone contacts or attempted telephone contacts to participants, no WIA services were provided.

On December 4, 2007, CLACDD provided documentation for the six MCS participants. The additional documentation indicates that appropriate services were provided with no substantial gaps in service for two of the participants. The remaining four participants still had substantial gaps in service ranging from 121 to 254 days. The documentation submitted for one of these four participants included case notes indicating that the case manager was in contact with an instructor from November 20, 2005 through July 1, 2006, however, JTA records do not show that the participant was enrolled in any type of training during that period.

On December 17, 2007, CLACDD provided documentation for the two Goodwill participants. The additional documentation indicates that appropriate services were provided with no substantial gap in service for one participant, and the second was exited.

**Recommendation:**

We recommended that CLACDD provide CRD with a CAP, including a timeline, explaining how it will ensure that, in the future, no more than 90 days will lapse without providing and

documenting services provided to participants, or exit the participants as of the last date of receipt of service. We also recommended that CLACDD provide CRD with documentation to demonstrate that services were provided to the 20 remaining participants who had a 90-day gap of inactivity, or that they were exited for not receiving services.

**CLACDD Response:** The CLACDD stated that they concur with the finding for 14 of 20 participants and those participant files have been updated and/or the participant exited from the program, but no documentation of these actions was submitted. Of the remaining six participants, three each from CCD and MCS, CLACDD states that the participants are enrolled in various activity codes and services are being provided, but again, no documentation of these activities was submitted.

For its CAP, CLACDD states that it will instruct the WorkSource Centers to conduct a quarterly case management conference or similar process with all active participants. Also, CLACDD will run the JTA report monthly to check activities lapsing on a 60- and 90-day period. Program monitors will review these reports, identify participant's inactivity, and follow-up with contacts to ensure that services are provided and documented, or the participants are exited for not receiving services.

To ensure that participants not receiving services for a period in excess of 90 days are exited as of the last date that service was provided, CLACDD Management Information System (MIS) staff will develop an ongoing process to alert affected service providers and internal staff to potential soft exits. By April, 2008, MIS staff will generate "soft exit" rosters from the JTA system. These rosters will be distributed to affected contractors along with a notification requesting contractors to exit clients retroactively to the last date of service, or to update case files and document continued service. For consistency, CLACDD instructed service providers to document all changes in client case files and the Integrated Services Information System. In addition, a copy of the "Soft Exit" roster will be provided to CLACDD's internal monitoring staff to serve as a tool for follow-up and file review to test the integrity of the information contained in case files and data input into the State JTA system.

**State Conclusion:** Based on CLACDD's response we cannot resolve this issue at this time. The CLACDD states that it updated the files and/or exited 14 of the 20 participants from the WIA program, but did not provide documentation of these actions.

For the remaining six participants, one MCS participant had a 90-day gap in service from October 20, 2005 through August 1, 2006, when services resumed with no further 90-day gaps. A second MCS participant had a 90-day gap in service from February 26, 2007 through November 15, 2007, when the participant was exited. Because CLACDD submitted a CAP to ensure that no more than 90 days will lapse without providing and documenting services provided to participants, or exit the participants as of the last date of receipt of service, we consider the action taken for the above described participants sufficient to resolve this portion of the finding.

For the remaining four participants, CLACDD states that they are enrolled in various activities, but provided no documentation of the services provided for these activities. Therefore, we recommend that CLACDD provide CRD with documentation to support the services provided to these participants or exit them and provide CRD documentation of its actions. This issue will remain open until we verify, during a future onsite visit, CLACDD's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80094.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Division. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than August 11, 2008. Please submit your response to the following address:

Compliance Monitoring Section  
Compliance Review Division  
722 Capitol Mall, MIC 22M  
P.O. Box 826880  
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is CLACDD's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain CLACDD's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Ms. Stacy Corrales at (916) 653-6123.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar", written in a cursive style.

JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Division

cc: Shelly Green, MIC 45  
Jose Luis Marquez, MIC 50  
Norma McKay, MIC 50  
Larry Scaramella, MIC 50